GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

STARRED QUESTION NO:44
ANSWERED ON:27.04.2016
Market Share of Telecom PSUs
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the market share of telecom Public Sector Undertakings (PSUs) i.e. Bharat Sanchar Nigam Limited and Mahanagar Telephone Nigam Limited in comparison to private players and the reasons for decline, if any, in their subscribers base;

(b) whether the Government proposes to improve the market share and profitability of these PSUs and if so, the details thereof and the measures taken by the Government in this regard;

(c) whether the Government proposes to merge both the PSUs as a part of their revival and restructuring plan; and

(d) if so, the details thereof along with the present status of the proposal?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
(SHRI RAVI SHANKAR PRASAD)

(a) to (d) A Statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 44 FOR 27TH APRIL, 2016 REGARDING "MARKET SHARE OF TELECOM PSUs ".

(a) The details of market share of Bharat Sanchar Nigam Limited (BSNL), Mahanagar Telephone Nigam Limited (MTNL) and private telecom services providers during the last three years are as follows:

<pre>
Name of Company Market Share (landline and mobile) (in %)
as on
31.3.2014 31.3.2015 31.12.2015
(nine months)
BSNL* 12.88 9.36 9.43
MTNL* 0.80 0.71 0.69
Total PSU 13.68 10.07 10.12
Total Private 86.32 89.93 89.88
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* BSNL and MTNL market share is out of all India market share.

The declining trend of market share of Public Sector Undertakings (PSUs) has been arrested in 2015-16 and their market share for the whole year is likely to be higher. Thus, they have been competitive while retaining market share.

The main reasons for the reduction in market share of PSUs over the years are due to combination of number of factors:

Wireline (landline):

â€¢ There is a general decline in the fixed lines telephone connections as there is a tendency to shift to mobile services because of their convenience, utility and availability even while on move.
â€¢ Surrender of telephone connections due to fixed monthly rental charges.
â€¢ Frequent interruption in landline service due to cable damage by various agencies working for road widening works, water and drainage activities, laying of electrical cables, etc. Further, the repair work of damaged cables is delayed due to obtaining permission from local authorities which affects timely restoration.
â€¢ Delay in decision making due to laid down procedures for PSUs.
Wireless (mobile):
â€¢ Stiff competition in mobile sector.
â€¢ Flexible / Aggressive tariff plans of private Telecom Service Providers.
â€¢ Entry of International Telecom Service Providers with deep pockets that follow aggressive sales and marketing of services unlike the PSUs.
â€¢ For the continuous technological advancement in telecom sector, availability of funds and decision making needs to be timely,

which at times gets delayed in PSUs.

(b) Government is concerned about the financial condition of BSNL and MTNL. BSNL had a profit of Rs 10,183 crore in 2004-05 while it incurred loss of Rs 8,234 crore in 2014-15. Since 2009-10, there has been continuous reduction in revenue as against almost fixed operating cost which has affected the profitability of both the PSUs. These PSUs have been unable to invest in expansion of their networks due to financial distress.

Government has provided financial assistance in the following forms:
â€¢ Refund of surrendered BWA (Broadband Wireless Access) spectrum in two service areas held by MTNL and in 6 service areas held by BSNL. Under this head, Rs. 4533.97 crore has been refunded to MTNL through bonds and Rs. 6724.51 crore is being refunded to BSNL through budgetary resources.
â€¢ The pension liability of MTNL for its staff who got absorbed from DoT, has been taken over by the Government.
â€¢ Notional loan of Rs. 1411 crore to BSNL which was due to be paid to the Government was waived-off.
â€¢ Financial support of Rs. 492.26 crore has been given to MTNL on account of liability arising from levy of Minimum Alternate Tax (MAT).
â€¢ Refund of Rs. 458.04 crore to MTNL and Rs. 169.16 crore to BSNL on account of surrender of CDMA (Code Division Multiple Access) spectrum.

Government has also assigned some projects to BSNL, namely:

â€¢ Comprehensive Telecom Development Plan for the North-Eastern Region for provision of mobile services in uncovered villages in Arunachal Pradesh and two districts of Assam at estimated project cost of Rs. 1975.38 crore and implementation of Transmission-Media Plan for North Eastern Region at an estimated cost of Rs.295.97 crore on 10.9.2014.
â€¢ Implementation of providing mobile connectivity in 2199 identified locations in Left Wing Extremism (LWE) affected areas at an estimated cost of Rs. 3567.58 crores on 4.6.2013.
â€¢ Implementation of Comprehensive Telecom Development plan for Andaman & Nicobar Islands and Lakshadweep Islands through augmentation of satellite connectivity/bandwidth at an estimated cost of Rs. 120.49 crores on 7.11.2014.

While competing with private operators, BSNL has also have also undertaken several public service works at time of emergencies such as earthquake in Nepal, floods in Uttarakhand, Kashmir and Chennai cyclones in coastal areas. BSNL has been widely appreciated for these services in times of disaster.

BSNL and MTNL themselves are also making relentless efforts towards their revival. Some of the steps being taken by BSNL and MTNL in this direction are as follows:
BSNL

â€¢ Plans to install 10,510 of 3G Base Transceiver Stations (BTSs) and 14,232 of 2G BTSs under Phase-VII GSM (Global System for Mobile Communication) expansion for 15 Million lines. Out of the planned BTSs, 10,013 (3G) BTSs and 13,047 (2G) BTSs are operational. This has improved 2G and 3G network coverage and data capability of 3G networks.
â€¢ Implemented ERP (Enterprise Resource Planning) as one of the important IT initiative in all circles.
â€¢ During the current Five Year Plan (2012-17), BSNL has plans to make the entire wire line customer base network IP enabled. Next Generation Network (NGN) equipment based on the latest architecture are planned to be deployed gradually to replace the entire Circuit Switched equipments/ Digital Telephone Exchanges.
â€¢ Setup wireline call centres for the all of its customers of landline and broadband at Dehradun, Ajmer and Bangalore.
â€¢ Launched various customer centric initiatives like Night free calling from landline from 9:00 pm to 7:00 am, Free incoming calls while roaming, increased minimum speed of broadband to 2 Mbps etc.
â€¢ Based on Government policy on Virtual Network Operator (VNO), BSNL has plans for optimum utilization of its network.

MTNL

â€¢ Plans to upgrade the existing data speeds over wireless network.
â€¢ Plans for up-gradation / augmentation / expansion of existing 2G/3G network.
â€¢ Plans to provide the backhaul media connectivity of existing mobile tower sites in Delhi and Mumbai on Optical Fibre Cable (OFC) network in place of Microwave network.
â€¢ MTNL is also exploring synergy with BSNL for its mobile services.
â€¢ Set up of wireline call centers for the customers of landline, mobile and broadband at Delhi and Mumbai.
â€¢ Launched Night free calling from landline from 10:00 pm to 7:00 am.
â€¢ To reduce call drops steps such as revised frequency plan, testing with IP Tool, reinforcing of network, etc. have been undertaken.
â€¢ MTNL has plans for optimum utilization of its network based on Virtual Network Operator (VNO) policy.

Due to continuous efforts BSNL and MTNL, have achieved the following:-

BSNL
â€¢ Income from services has increased by 4.16% in 2014-15 as compared to 2013-14. In 2014-15 it is Rs 27,242 crore as compared to Rs.26,153 crore in 2013-14.
â€¢ BSNL income from services has increased by 2.16% in 2015-16 (first nine months upto 31.12.2015) as compared to same period of previous financial year (Rs.18,508 crore in 2015-16 as compared to Rs 18,117 crore for 2014-15).
â€¢ BSNL has earned an operating profit of Rs.672 crores in FY 2014-15. The operating profit is likely to be much higher during 2015-16.
â€¢ The net losses for Financial Year 2015-16 are expected to be reduced by 20% as compared to Financial Year 2014-15.
â€¢ For the first time there has been net positive addition of 2,50,666 mobile connections during 2015-16 due to Mobile Number

Portability (MNP).
â€¢ Around 31 lakh net mobile connection increase during 2015-16.
â€¢ Data revenue has increased by 50% in 2015-16 as compared to 2014-15.

MTNL
â€¢ MTNL's total revenue for the quarter ended on 31.12.2015 is Rs 865.52 Crore which is increase of Rs. 25.08 Crore as compared to previous quarter.
â€¢ MTNL's total expenditure has decreased by Rs. 6.30 Cr during this period.
â€¢ The number of subscribers of GSM has increased by 104,086 during the period from April 2015 to December 2015 and revenue has increased by 3.3% in Q3 as compared to Q2.

(c)&(d) At present, Government has no proposal to merge BSNL and MTNL. However, BSNL and MTNL are trying their best to generate the maximum revenues for their revival and revitalisation.

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